

WASA AMPLE SCHOOL FUNDING PROJECT

Pupil Transportation Funding Analysis

Summary --

The Washington Association of School Administrators (WASA) initiated the Ample School Funding Project due to the perception that the State of Washington is not meeting its responsibility to fully fund basic education as required by the Washington State Constitution. This constitutional requirement was interpreted by court decisions in 1977, 1983, and 1988.

These court decisions held that:

- Basic education includes pupil transportation;
- Special excess levies cannot be required to support basic education;
- The state must fund the actual cost of transporting eligible students to and from school; and,
- It is the continuing obligation of the Legislature to review the adequacy of basic education formulas as the education system evolves and changes.

The Basic Education Act of 1977 required the State to fully fund pupil transportation at 100 percent by 1980-81. Full funding was not achieved. In 1983 the court held that the Legislature must fully fund transportation to and from school for eligible students by July 1984. The 1983 formula adopted by the State to provide full funding of pupil transportation failed to accomplish its objective. The Office of Superintendent of Public Instruction (OSPI) notified the state in 1984, 1985, and 2001, of the insufficient funding of pupil transportation. In 2001, the OSPI requested \$700,000 from the Legislature to conduct a transportation study. This study was not funded by the Legislature. The current transportation funding formula remains largely unchanged since 1985.

Findings --

1. The court decisions held that special excess property tax levies could not be required to fund pupil transportation. However, *school districts have had to resort to the use of property tax revenues to support pupil transportation due to the inadequacy of state funding.*

In 2002-03, the state's pupil transportation funding shortfall amounted to \$132.5 million. School district pupil transportation expenditures of \$321.1 million exceeded program revenues of \$188.6 million by \$132.5 million, or 70.3 percent. This difference is equivalent to 11.6 percent of special levy revenues.

2. The state pupil transportation funding formula does not produce uniform funding for all school districts. The uneven funding appears to be the result of the main formula factors used by the state. The two main formula factors are a dollar rate per mile and

distance which is measured on a straight-line basis. The uniform rate per mile does not recognize differences in district costs such as salaries and related payroll benefits, bus maintenance, and traffic density. The straight-line method of measuring distance does not consider travel barriers such as mountains, rivers, lakes, freeways, and railroad tracks.

In 2002-03, 139 school districts with 84 percent of the state's enrollment were funded at levels ranging from 40 to 70 percent of their actual pupil transportation costs. *These districts had to resort to the use of property tax revenues to support pupil transportation due to the inadequacy of state funding.*

Conclusion --

This report on pupil transportation funding provides detailed analyses of school district financial data and concludes that the state has failed to comply with the provisions of the Washington State Constitution which states that "...it is the paramount duty of the state to make ample provision for the education of all children..." In order to comply with constitutional requirements and the court decisions of 1977, 1983, and 1988, to fully fund basic education (including pupil transportation) and to avoid future legal challenges, the Legislature needs to address and resolve the following issues:

1. The large disparity between pupil transportation revenues and expenditures. School districts currently subsidize from 30 to 60 percent of pupil transportation expenditures using local property tax revenues. *The Legislature needs to address the use of school district property tax revenue to support the state's funding obligations as required by the State Constitution and several court decisions;* and,
2. The pupil transportation funding formula does not produce uniform results for Washington school districts. This disparity in funding appears to be the result of the two main formula factors: a uniform rate per mile and distance measured on a straight-line basis. The Legislature needs to examine the pupil transportation funding formula to address the inequities it produces. An improved formula, however, may not guarantee that all districts will be fully funded. To resolve the inequities of the pupil transportation formula, the state may need to establish a process that adjusts funding for school districts which can demonstrate that they are underfunded by the formula. *Failure to address the adequacy of pupil transportation funding forces school districts to continue using property tax revenues to support pupil transportation due to the inadequacy of state funding.*

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